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Subject: silver position limits

US Commodity Futures Trading Commission Three Lafayette Centre 1155 21st St, NW Washington, DC 20581

Dear Chairman Gensler and Fellow Commissioners

I propose that the Commission adopt a hard position limit in the contract equivalent amount of no more than one percent of the world annual production of any commodity of finite supply. This 1% speculative position limit would apply to all related derivatives on an aggregate (across all markets) and on an all-months-combined basis. No single speculative trading entity could control on

a net basis, long or short, a total derivatives position greater than one percent of the annual world production of any commodity. Such a limit would be large enough to accommodate all but a handful of traders in every market. Importantly, such a level, evenly enforced, would make concentration and manipulation impossible. This is the primary mission of the Commission.

However, the current accountability level of COMEX silver is more problematic.

The current silver accountability level is 6000 contracts, or 30 million ounces.

This is 4.3% of world annual silver mine production of roughly 700 million ounces, head and shoulders above any other commodity of finite supply. Based upon the one percent formula, the position limit in silver should be no greater than 7 million ounces or the equivalent of 1400 contracts (each silver contract is 5000 troy ounces).

As far as the matter of bona fide hedging exemptions to legitimate position limits, the granting of exemptions should be as fair and consistent as the setting of the amount of limits. Any legitimate producer or consumer of any commodity of finite supply should be able to hedge its risk up to the amount of its own annual production or consumption. If a farmer grows, or a miner produces, more than 1% of world production, that entity can hedge up to the actual annual amount produced. If an entity owns the physical commodity and is at price risk with that holding, that entity should be allowed to hedge that actual inventory, even if it is more than 1% of world annual production. But close attention must be paid by regulators to ensure that such an entity is not gaming the market. Any thought that financial middlemen, such as large banks, should be included in the legitimate producer or consumer category must be resisted. Our futures markets were not created so that big financial institutions could manipulate them. The whole thrust of the Dodd-Frank financial

reform law was to get the big banks to stop interfering in our markets.

The Commission has a unique opportunity to finally set position limits on all commodities of finite supply in a manner that is fair, simple and economically sound. A formula based upon a straight one percent or less of world production would accomplish just that.

Fred Pohl